



1.0 Definition of Asset Management

The Rural Municipality of Chesterfield defines **“Asset Management”** as its collective system of planning, oversight, documentation, administration, and analytical activities intended to sustainably extract the greatest benefit possible from the community's past, current, and future investment in all substantive infrastructure, land improvements, and tangible property acquired for the delivery of the RM's mandated services, in a manner that effectively balances risk, available resources, and the desired level of service established by Council.

2.0 Components of the Asset Management System

The Rural Municipality of Chesterfield's current Asset Management System Components include:

- Official Community Plan of the RM of Chesterfield, Bylaw No.
- The MuniSoft PubWorks activity-based cost accounting software
- Public Sector Accounting Handbook Section PS 3150 – Tangible Capital Assets
- The Rural Municipality of Chesterfield No. 261 Asset Management Policy, dated 19.Jun.2018
- The Rural Municipality of Chesterfield No. 261 Asset Management Plan, dated 14.Apr.2020
- The Rural Municipality of Chesterfield No. 261 Asset Management Strategy, dated 30.Jun.2020
- The Rural Municipality of Chesterfield No. 261 Long-Term Capital Plan

3.0 Tenets of Asset Management

In order for the Rural Municipality of Chesterfield to effectively implement and practice its Asset Management System, it must strive to continuously:

- Determine what assets actually exist in the Municipality
- Verify where all fixed and mobile assets are located
- Understand how all assets support the RM's service delivery, mandate, and objectives
- Assess what condition all assets are presently in, and monitor how this will change over time
- Record when assets are or were acquired, and predict how long they are anticipated to last
- Understand what all asset items are worth, and estimate what it will cost to replace them
- Explore ways in which existing asset performance can be enhanced or extended through upgrades or preventative maintenance
- Identify systemic and specific risks the RM faces through the utilizing of specific assets, and with its reliance on existing asset groups, systems, and networks
- Adopt industry best practices for asset stewardship where applicable
- Consider functionality, capacity, and suitability for performance within asset assessments
- Effectively divest or dispose of assets that are no longer needed, or have exceeded their useful service life



4.0 Execution of the Asset Management System

The Rural Municipality of Chesterfield's Asset Management System requires universal support across the organization. Saskatchewan Municipalities face a multitude of complex pressures and issues; the wellbeing and sustainability of rural communities depends upon the prudent stewardship of scarce resources. Chesterfield must therefore strive to utilize and leverage all human resources at all levels within the corporation. To effectively practice and improve its Asset Management System, engagement of personnel will be as a minimum determined by the role each person has in the RM hierarchy:

The RM Council Shall:

- Take Asset Management principles, requirements, and recommendations into consideration when making decisions involving assets and/or services supported by assets
- Support the Administration in the pursuit of Asset Management activities, engage in asset management themed discussions when warranted, and champion the importance of asset management principles in conversations with ratepayers and 3rd parties
- Resource Asset Management activities sufficiently to ensure the RM's Asset Management Objectives can be met
- Provide approval, endorsement, and authorization of all Asset Management deliverables, documents, principles, and objectives

The RM Administration Shall

- Develop and oversee all Asset Management Program documentation, practices, procedures, and activities
- Ensure the RM's compliance with all Asset Management related regulatory requirements and deadlines
- Schedule the necessary periodic reviews of Asset Management documents, and arrange for revisions if adjustments are required
- Establish the status and progress of all Asset Management activities, and evaluate the ongoing effectiveness of the RM's Asset Management efforts.
- Remain current and proficient in the knowledge, theory and practices of Asset Management, and identify ways to increase the RM's capabilities and skills within external funding, expertise and training
- Identify gaps in the Asset Management Program, and request additional resources from Council when needed

The RM Field Staff Shall

- Provide the Administration with accurate and timely field-based observations concerning asset performance and condition
- Update and revise asset data included within the Asset Management Program when it's necessary or beneficial to do so
- Maintain detailed costing and operational notes to ensure the RM has a factual understanding of asset incurred maintenance, operating, and renewal costs
- Commit to industry best practices for asset maintenance, and remain receptive to new techniques, products, or approaches that may improve asset performance, longevity, or economics.



5.0 Linkage of Assets to Provided Municipal Services

The Rural Municipality of Chesterfield shall obtain, utilize, and maintain assets to fulfill the Corporation's obligations imposed under provincial statute through *The Municipalities Act (M-36.1)*; to otherwise comply with legislation provisions protecting the environment, health and safety, and rights and mobility of individuals; or to support the policies and objectives identified within the Official Community Plan.

In particular, the RM shall acquire, deploy, and manage assets for the purposes of:

- Providing a safe and viable community
- Delivering services, amenities, or facilities that Council deems necessary or desirable
- Promoting economic development
- Supporting local industries and/or resource development
- Protecting or preserving areas having recreational, historical, or cultural value
- Cooperating with adjacent municipalities and communities for endeavors of regional significance or scale

Assets shall support the delivery of the following RM-provided services:

- All-Weather Road connectivity to the provincial highway system for residences and business sites
- Seasonal Road connectivity to agricultural areas
- Road maintenance and repair, including periodic re-gravelling and stone removal activities
- Traffic management including traffic control signage and road hazard identification
- Snow and ice control
- Dust control and surface stabilization
- Provision of non-potable water for agricultural purposes
- Ditch mowing
- Surface water conveyance through culverts and roadway embankment ditching
- Administrative Functions

Council may amend the above list of Chesterfield's provided services as deemed necessary to achieve the RM's objectives. However, after doing so, the Administration will re-align the Asset Management Program accordingly to ensure the asset inventory and management practices reflect the updated mandate.

6.0 Comprehensive Accounting for Asset Costs

The RM of Chesterfield shall utilize Life-Cycle Cost Analysis (LCCA) as the analytical method of defining and identifying the lowest overall accumulated costs incurred through asset ownership. With this approach, the RM will strive to consider not only the initial acquisition costs of an asset, but the accumulated disbursements that must be made during its service life, as well as accounting for the eventual disposal of the item. Ideally, cost calculations will consider, but may not be limited to, the following parameters:

- Planning, design, and/or specification development
- Purchase price plus applicable taxes, shipping, assembly, and commissioning
- Licencing, regulation, certification, and/or permit application fees
- Operating expenses, routine and preventative maintenance, repair and renewal expenses
- Demolition, including site restoration, environmental remediation, and haulage/disposal fees



7.0 Challenges Facing Asset-Delivered Services

The RM of Chesterfield is facing a number of complicated, widespread challenges to the delivery of its required and desired services provided with or through assets. These issues aren't specific to the southwest region or even the province, but represent circumstances that reflect much larger trends across society, and in many cases disproportionately impact rural communities. It is imperative that the RM's Asset Management efforts consider and account for these forces within all aspects of its planning and operations.

- **Declining tax base:** there is a steady, long term erosion of rural populations that has persisted for many decades. There are progressively fewer people to pay for assets and infrastructure spanning the same geographic area, and for often increasingly sophisticated services.
- **Declining infrastructure quality:** A significant percentage of the built infrastructure was constructed in the 1950s to 1970s, and has exceeded or will soon exceed its useful service life. There aren't enough resources available to renew all items, and a sizeable infrastructure deficit exists. Consequently, the overall quality of assets is anticipated to diminish over time as the RM must prioritize its renewal expenditures.
- **Asset inflation:** While the Consumer Price Index (CPI) has generally remained low and steady for most of the 21st century, over the same period there has been a pronounced increase in construction costs and industrial products pricing that is eroding the municipality's purchasing power. This is exacerbated by volatile foreign exchange rates, with the purchase timing for imported tools, equipment, and materials becoming increasingly significant. Replacing the same item now may result in an expense that is a large multiple of the original purchase price.
- **Technological Change:** Many purchased items are becoming increasingly complex and expensive. While this often results in materials, tools, and equipment that are more powerful and productive, the introduction of electronics components into such items results in a shorter lifespan and a less durable asset, which is also more quickly subjected to obsolescence. A particularly troublesome asset type is Information Technology Assets, which now have much shorter service lives than in the past and thereby compel more frequent reinvestment. A failure to keep current introduces the RM to operations risk through the rapid proliferation of malware, cybercrime, and data security concerns.
- **Regulatory regime:** More senior levels of government are increasingly exerting a greater degree of control over activities that municipalities have traditionally been involved with, and require adherence to increasingly onerous standards, supported by stricter reporting protocols. Guidance based regulatory controls are shifting towards enforcement-based compliance, where the onus is for the municipality to understand and adhere to the applicable requirements, and demonstrate they are doing so.
- **Environmental Regulations:** An intensifying focus on environmental stewardship is resulting in a decreasing tolerance for the adverse ecological impacts imposed by construction projects, constructed infrastructure, and large machinery. Suitable mitigation measures are increasing the cost and construction time for built infrastructure, and adding to the cost of equipment purchases.
- **Public Expectations:** With the shift to an "always on" society functioning 24/7, individuals are becoming less tolerant of delays or disruptions, businesses including industrialized farming operations have more demanding service requirements for infrastructure, parties of all type are unwilling to incur additional costs or declining quality of services, and there is a general expectation that the RM must continually "do more with less", as all entities functioning in an intensely competitive environment must do.



8.0 Evaluating the Effectiveness of the Asset Management System

All Asset Management Program components are subject to periodic review and evaluation, with the specific interval of assessment identified within each of the applicable documents. The Administration is responsible for reporting on the status and effectiveness of asset management within Chesterfield to Council, as established within the RM's existing Asset Management Policy.

To provide a specific, measurable, achievable, relevant, and timely (*SMART*) performance objective, the RM Administration shall:

- Provide a summary statement that concisely defines the present status of current Asset Management efforts at the start of the reference period
- Define one or more Asset Management goals for the current reference period
- Identify a list of activities that are anticipated to achieve the designated goals
- Oversee the activities throughout the reference period, and implement corrective measures if required
- Provide a status report upon conclusion of the reference period advising of the activities that were completed during it, the timing of the various initiatives involved, and commenting on any tasks that either remain in progress, or were unsuccessful
- Provide an analysis of the deliverables obtained through the completed activities, and an estimation of whether the identified goals were in fact met by completing those tasks. A judgement must be applied to determine if the RM's Asset Management System is now better as a result of the achieved goal.

9.0 Utilizing FCM Resources to Advance the RM's Asset Management System

The RM of Chesterfield may choose to utilize the Federation of Canadian Municipalities Asset Management Readiness Scale as a reference and guidance document for the establishment of Asset Management System goals and objectives; the scale has been specifically developed to help municipal governments measure progress in Asset Management towards sustainable service delivery.

FCM defines five competency areas that categorize similar skills and practices important for effective Asset Management. Each competency area is divided into five levels of progress that provide a proxy for the comparative sophistication of the municipality's asset management abilities in that area. Tiered within each of the competency areas are a number of standard outcomes that describe milestones in asset management; to achieve a given progress level, all related standard outcomes must be met to that same indicator.

FCM does not require even achievement across the competencies; the intent is for Administrators to focus upon factors that are important to their specific community and circumstances. Thus, a given municipality may be more advanced in some competency areas than others. It is in fact encouraged for Administrators to direct staff time and resources on areas they feel will be the most productive in their given circumstances.

There is no designated rate at which an organization should advance through progress levels. FCM cautions that over-estimating an organization's achievements could result in a greater difficulty in identifying future priorities and goals. Partial progress is allowable for certain activities, and doesn't adversely affect the community's prospects of obtaining future FCM funding.

An outline of the five competences and their subordinate outcome areas are included in the following list:



1. Policies and Governance
 - a. Policy and Objectives
 - b. Strategy and Roadmap
 - c. Measurement and Monitoring
2. People and Leadership
 - a. Cross-Functional Teams
 - b. Accountability
 - c. Resourcing and Commitment
3. Data and Information
 - a. Asset Data
 - b. Performance Data
 - c. Financial Information
4. Planning and Decision Making
 - a. Documentation and Standardization
 - b. Asset Management Plans
 - c. Budgets and Financial Planning
5. Contribution to Asset Management Practice
 - a. Training and Development
 - b. Internal Communication and Knowledge Sharing
 - c. External Communication and Knowledge Sharing

10.0 In Conclusion -- Council's Role in Asset Management Execution

An Asset Management System is intended to both ensure the future sustainability of the Municipality's operations, and provide the Lowest Lifecycle Costs possible for assets and services delivered through assets. Additionally, an Asset Management System should balance a desired level of service with the available resources, while acceptably managing the risk incurred by the corporation during service provision.

Council's most important role in the Asset Management Process is ascertaining the community's demand for specific services, and establishing the price tolerance that ratepayers will have for that service. It must be done in a way that satisfies competing interests across the diverse population, and involves compromise to attain a reasonable degree of consensus, recognizing that it's often not possible to fully satisfy everyone. How Council achieves this task isn't something that can be readily outlined ... as elected officials, Council's duty is to speak for and to their constituents, and to interpret the directions they are being provided.